The Mechanics of Proxy Trust

How Societies Build Signals, How Signals Override Judgment, and How Signals Get Captured

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Abstract

This paper describes a three-stage mechanism that operates wherever human beings must coordinate at a scale exceeding their capacity for direct personal evaluation. In Stage One, communities develop *proxy signals*—compressed indicators of quality, competence, or trustworthiness—to solve the genuine problem of judgment under cognitive constraint. In Stage Two, these signals begin to function as what this paper terms a *verification override*: a cognitive state in which the presence of the signal substitutes for the independent evaluation the signal was designed to replace. This override corresponds to what the psychological literature describes as *attribute substitution* (Kahneman and Frederick, 2002) and the *authority heuristic* (Cialdini, 1984), operating through *information asymmetry* (Akerlof, 1970; Spence, 1973) between signal producers and signal consumers. In Stage Three, the override makes the signal itself more valuable than the underlying quality it represents, attracting actors who seek to control the signal-granting mechanism—a dynamic analogous to what Stigler (1971) described as *regulatory capture* but generalized beyond government agencies to any institution that produces trust signals at scale. The paper uses the Academy Awards as a running illustration, not because the case is historically significant but because it renders the mechanism visible in a domain where the stakes are low enough to observe clearly what higher-stakes domains make dangerous to examine. The mechanism is the same wherever it operates. Only the consequences differ.

I. The Problem: Judgment Under Cognitive Constraint

Herbert Simon (1955) introduced the concept of *bounded rationality* to describe the fundamental mismatch between the complexity of decision environments and the cognitive resources available to human decision-makers. Human beings do not optimize. They lack the information, the computational capacity, and the time to evaluate every option against every criterion. Instead, they *satisfice*—they adopt decision strategies that are good enough for their purposes, even when those strategies could, in principle, be improved.

Robin Dunbar's research on primate neocortex size and social group complexity (1992) identified a related constraint specific to social evaluation. The human brain appears to support a finite number of stable social relationships in which an individual can track another person's competence, character, and trustworthiness through direct observation. Subsequent research has debated the precise number—estimates range widely, from roughly seventy to several hundred—but the core insight has proved durable: there exists a cognitive ceiling on the number of people any individual can personally evaluate through accumulated direct experience.

Within this ceiling, proxy signals are unnecessary. In a band of thirty, every member knows who is the most skilled tracker, the most reliable ally, the most insightful decision-maker. This knowledge is acquired through years of shared experience and is continuously updated through ongoing observation. No credential is needed because the information the credential would carry is already available firsthand. The tracker does not need a certificate attesting to his competence. Everyone has watched him track.

The problem emerges when social organization exceeds this cognitive ceiling—when the community scales into the hundreds, thousands, millions, or billions. At this scale, the information environment changes fundamentally. The individual must now make trust and quality judgments about strangers: people whose competence she has never observed, whose character she has no basis for assessing, whose claims she lacks the specialized knowledge to evaluate independently. She must decide which doctor to trust with her body, which scholar to trust with her understanding, which leader to trust with her governance, which film to spend two hours watching. She cannot investigate each

option from first principles. The cognitive cost would be prohibitive. She needs a shortcut.

II. The Solution: Proxy Signals

The shortcut takes the form of what economics calls a *signal*: an observable indicator that is correlated, or believed to be correlated, with an unobservable quality the evaluator cares about. Michael Spence's foundational work on signaling theory (1973) formalized this insight in the context of labor markets. An employer cannot directly observe a job candidate's productivity before hiring. An educational credential—a university degree—serves as a signal: the employer believes that the credential is positively correlated with the underlying quality (productivity) and that it is costly enough to obtain that low-quality candidates cannot easily fake it. The credential does not *prove* productivity. It compresses a complex, unobservable attribute into a simple, observable indicator that allows the employer to make a reasonable decision without conducting an exhaustive independent evaluation.

George Akerlof's analysis of "lemons" problems (1970) demonstrated why such signals are not merely convenient but structurally necessary. In markets characterized by *information asymmetry*—where sellers know more about product quality than buyers—the absence of reliable signals produces a collapse in which high-quality goods are driven out by low-quality ones, because buyers cannot distinguish between them and therefore refuse to pay the premium that high-quality goods require. Signals solve this problem by providing buyers with information they cannot obtain through direct inspection.

The key insight is that proxy signals are not arbitrary inventions. They emerge organically to solve real coordination problems created by the mismatch between the scale of human societies and the scale of human cognitive capacity for evaluating other people. They develop iteratively: communities identify observable indicators that correlate with qualities they care about, and over time, these indicators are formalized into institutional structures—degrees, certifications, licenses, awards, reviews, ratings, rankings—that generate and distribute signals at scale.

The Academy Awards as a Proxy Signal

The Academy of Motion Picture Arts and Sciences was founded in 1927. The first awards ceremony, held in 1929, was a small private dinner for around two hundred and seventy industry professionals. The award itself—what became the Oscar—was designed to recognize excellence in filmmaking as judged by peers: actors evaluating acting, directors evaluating directing, cinematographers evaluating cinematography.

This is a textbook case of a proxy signal emerging organically to solve a genuine information problem. A film-going public numbering in the millions cannot independently evaluate the technical craft of every film released in a given year. They lack the expertise to assess cinematography, the time to watch every eligible film, and the comparative framework to rank performances against one another. The Academy's peer-evaluation process compressed this complex, multi-dimensional judgment into a simple, portable signal: *this film won the Oscar*. The signal carried genuine information because the process generating it involved genuine evaluation by people with genuine expertise—working professionals assessing work in their own craft domains.

For decades, the signal functioned as intended. It provided a reasonable basis for the public to allocate a scarce resource—their time and attention—among competing options they could not fully evaluate for themselves. The signal was not perfect. Peer evaluation is subject to biases, fashion, and politics. But it compressed expert judgment into a form the non-expert public could use, and in doing so, it solved a real coordination problem. The public did not need to become film scholars. They needed a signal they could trust.

III. The Mechanism: Attribute Substitution and the Verification Override

Kahneman and Frederick (2002) describe a cognitive process they call *attribute substitution*: when an individual must make a judgment about a complex attribute (the *target attribute*), the mind often substitutes a simpler, more readily available attribute (the *heuristic attribute*) without the individual's conscious awareness that the substitution has occurred. The person believes they are answering the hard question. They are actually answering an easier one.

Applied to proxy signals, the mechanism operates as follows. The target attribute—the question the individual actually needs to answer—is: *Is this film worth watching?* This is a complex judgment requiring expertise, time, and comparative knowledge the individual does not possess. The heuristic attribute—the question the individual actually answers—is: *Did this film win the Oscar?* This is a simple factual question requiring no expertise whatsoever. The substitution is unconscious. The individual experiences herself as making a quality judgment. She is actually making a signal-recognition judgment. The Oscar's presence does the evaluative work that her own independent assessment would otherwise need to perform.

Robert Cialdini's research on the *authority heuristic* (1984) describes the same dynamic from a social-psychological perspective. Individuals are socialized from childhood to defer to authority figures and institutions, and the symbols associated with authority—titles, uniforms, institutional affiliations, awards—trigger automatic deference that reduces cognitive effort. Milgram's obedience experiments (1963) demonstrated how powerful this deference can be: participants administered what they believed were dangerous electrical shocks to strangers simply because a person in a lab coat told them to continue. The lab coat—a symbol of scientific authority—overrode participants' independent moral judgment.

Edward Thorndike's *halo effect* (1920) identifies a related mechanism: a positive impression in one domain—an actor's Oscar-winning performance, a scholar's prestigious affiliation—creates a generalized positive impression that spills into

unrelated domains, further reducing the evaluator's inclination to scrutinize specific claims.

This paper uses the term *verification override* to describe the composite cognitive state that these mechanisms produce in populations at scale. A verification override occurs when the presence of a proxy signal exempts the signal-holder's claims from the critical scrutiny that would otherwise be applied. The override is not a failure of reasoning. It is the *purpose* of the signal. A medical license that required every patient to independently verify the doctor's training would serve no function—the entire point is to spare the patient the need for verification. An Oscar that required every viewer to independently evaluate the film against all competitors would be redundant. Effective signals necessarily produce verification overrides. *That is what they are for*.

The override produces a structural asymmetry in how information is processed across a population. Claims associated with recognized signals receive less scrutiny than identical claims without such association. The content is the same. The evidence is the same. But the cognitive processing differs because the signal activates a shortcut: *this has been vetted by a process I trust, therefore I can reduce my own evaluative effort*. At the individual level, this is rational—given the impossibility of independent evaluation at scale, deference to trusted signals is the most efficient available strategy. The danger emerges from the second-order structural consequence that this deference produces.

IV. The Vulnerability: When the Signal Becomes More Valuable Than the Quality

The verification override creates a structural inversion in the relationship between signal and quality. When the override is active across a large population, the signal—not the underlying quality it represents—is what produces the behavioral response the signal-holder seeks. A brilliant film without an Oscar must persuade each viewer through reviews, word of mouth, and individual judgment. A mediocre film with an Oscar receives the override benefit: viewers watch it not because they have independently assessed its quality but because the signal has done the persuasive work that quality alone could not.

This inversion makes the signal itself an economic asset—a source of value independent of the quality it was designed to represent. Research on the "Oscar bump" documents this concretely. Studies have found that winning the Academy Award for Best Picture historically generated a measurable increase in box office revenue—estimates have ranged upward of twelve million dollars in additional receipts. Even a nomination, without a win, produced significant returns. The signal was converting directly into money.

Once the signal's economic value becomes visible, the incentive structure shifts. For an actor or studio whose primary goal is artistic excellence, the Oscar is a byproduct—a recognition that may or may not follow from good work. For an actor or studio whose primary goal is revenue and prestige, the Oscar becomes a target—an asset worth investing in directly, independent of the quality it is supposed to represent. The rational strategy shifts from "make the best possible film and hope for recognition" to "invest in acquiring the signal, because the signal is what produces the return."

This shift is not hypothetical. It is documented and quantified. By the 2010s, major studio Oscar campaigns routinely exceeded ten million dollars per film. Netflix reportedly spent between twenty-five and forty million dollars campaigning for *Roma* in the 2019 awards season—substantially more than the film's fifteen-million-dollar production budget. Warner Bros. reportedly spent approximately thirty million dollars on Oscar campaigns for two films in the 2026 season. More than half a billion dollars is

now estimated to be spent annually on Academy Award campaigning across the industry—a figure roughly equivalent to the combined production budgets of all Best Picture nominees. The campaigns involve extensive advertising in trade publications, private screenings, strategic event hosting, celebrity networking, and sophisticated data-driven targeting of the roughly ten thousand Academy voters.

The economic logic is straightforward and does not require any conspiracy to explain. The signal (Oscar) produces a measurable return (revenue, prestige, talent retention). The signal is awarded through a process (Academy voting) that can be influenced by investment (campaigning). Therefore, rational actors invest in influencing the process. The more they invest, the more the process reflects investment rather than quality—and the further the signal diverges from the underlying attribute it was designed to represent.

V. The Capture: From Signal Divergence to Institutional Control

George Stigler's theory of regulatory capture (1971) demonstrated that regulatory agencies—created to serve the public interest by constraining industry behavior—are systematically captured by the industries they regulate, because regulated industries have concentrated interests and resources to invest in influencing the regulatory process, while the diffuse public has little individual incentive to monitor it. The mechanism is not corruption in the narrow sense. It is a structural consequence of asymmetric incentives: the parties with the most to gain from controlling the institution invest the most in controlling it.

This paper argues that the same mechanism operates in any institution that produces proxy signals at scale. The Academy Awards illustrate the generalized form. The Academy was created to serve the public interest in identifying excellent filmmaking. The studios with the most to gain from controlling the award—because the signal produces measurable economic returns—invest the most in influencing the process. Over time, the institution's decisions increasingly reflect the investments of those who seek to control it rather than the independent expert judgment the institution was designed to produce.

What Stigler described in the regulatory domain, this paper terms *signal capture*: the process by which the institution generating a proxy signal is brought under the effective control of parties whose interests are served by manipulating the signal rather than maintaining its integrity. Signal capture is not an event but a gradient. It does not require a moment at which conspirators seize the institution. It requires only that the incentive to influence the signal-granting process exceeds the institutional safeguards against such influence, and that this condition persists over time.

The capture proceeds through a specific structural logic. The institution's authority depends on the verification override—on the public's willingness to accept the signal without independent evaluation. The override depends on the public's belief that the signal-granting process has integrity—that the Oscar represents genuine peer judgment, not investment returns. The capture depends on the *information asymmetry* between

the institution and the public: the public cannot observe the internal process by which signals are produced. They cannot sit in on Academy deliberations. They cannot monitor which voters attended which studio-sponsored events. They cannot assess the relationship between campaign spending and voting outcomes. They see only the output—the envelope, the name, the statuette—and the output looks the same whether the process behind it was rigorous or compromised.

This is the structural vulnerability that makes capture viable: the same information asymmetry that made the signal necessary in the first place—the public's inability to independently evaluate quality—also makes the signal's capture invisible. The public needed the signal because they could not assess films independently. They cannot assess the signal's integrity for the same reason. The gap between what the institution does and what the public believes it does is the space in which capture operates.

VI. The Exposure Cycle: When the Override Collapses

The verification override is powerful but not permanent. It persists only as long as the information asymmetry persists—as long as the public does not know that the signal has diverged from the quality it represents. When the asymmetry is broken—when the public obtains information about the capture through channels the captured institution does not control—the override collapses. The signal loses its power.

The Academy Awards provide a clean illustration of this dynamic in process. Over the past two decades, several developments have progressively eroded the information asymmetry on which the Oscar's verification override depended. Investigative reporting and industry commentary have made the scale and mechanics of Oscar campaigning publicly visible. The Harvey Weinstein scandal—Weinstein was widely credited as the figure who transformed Oscar campaigns from genteel tradition into aggressive multi-million-dollar operations—exposed the machinery behind the signal in terms the public could understand. The growth of online discourse created alternative information channels through which audiences could share independent evaluations, reducing their dependence on institutional signals. Audience aggregation platforms—Rotten Tomatoes, Metacritic, IMDb ratings—created competing signals generated through different mechanisms, offering the public alternative proxies that bypassed the captured institution.

The result is measurable. Oscar ceremony viewership has declined substantially, from a peak of over fifty-five million in the early 2000s to under twenty million in recent years. The "Oscar bump" in box office revenue has diminished. The gap between films that win Best Picture and films that audiences actually watch has widened to the point of public commentary. The signal still carries weight—institutional signals are sticky, because the override was installed over decades of accumulated trust—but its power is attenuated. The population is partially seeing through the signal to the machinery behind it. The override is weakening because the asymmetry is breaking.

The exposure cycle follows a consistent pattern across domains: the signal's capture becomes visible, the public's trust in the signal declines, and the institution responds—typically not by eliminating the vulnerability that permitted capture but by

adjusting procedures just enough to restore the appearance of integrity. The Academy has periodically reformed its membership, voting rules, and campaign regulations. These reforms may be genuine, but they do not alter the structural dynamic that produced the capture: the signal still generates economic value, the value still attracts investment in influencing the process, and the information asymmetry—though reduced—still prevents the public from monitoring the process in real time. The capture is not an event that can be reversed. It is a tendency—a permanent gravitational pull exerted by the incentive structure of any system in which signals carry power.

VII. The Generalized Mechanism

The three-stage mechanism—signal emergence, verification override, signal capture—operates identically in every domain where proxy signals function at scale. The Academy Awards make it visible because the stakes are relatively low: the worst consequence of a captured Oscar is that people watch a mediocre film. But the mechanism does not care about stakes. It cares about structure. And the structure is the same in domains where the consequences are existential.

The university degree emerged as an honest signal of intellectual competence—the earliest European universities developed peer-evaluation processes in which masters assessed candidates they personally knew. As universities scaled, the degree became a proxy signal consumed by millions of employers who could not independently evaluate candidates. The override activated: the degree substituted for independent assessment. The signal acquired economic value independent of the competence it represented—the wage premium for degree-holders, the gatekeeping function that excluded non-holders. The capture followed: credential inflation, in which educational requirements expanded beyond demonstrable relationship to job performance. Randall Collins (1979) documented this in detail. A 2014 study found that sixty-five percent of executive secretary job postings required a bachelor's degree, while only nineteen percent of people actually performing the job held one. The signal had diverged from the quality. The override persisted because employers had no better alternative.

The peer-reviewed journal emerged as an honest signal of research quality—expert evaluation of manuscripts by specialists in the relevant field. As the system scaled, the journal's reputation became a proxy signal consumed by millions of readers, employers, and funding bodies who could not independently evaluate research. The override activated: publication in a prestigious journal substituted for independent evaluation of the work. The signal acquired value independent of the quality—the impact factor, the hiring premium, the funding advantage. The capture followed: editorial networks, methodological gatekeeping, citation cartels, publication bias, and the replication crisis that revealed how much published research could not be reproduced when independently tested.

The religious institution emerged as an honest signal of spiritual authority—early practitioners whose demonstrated devotion built communal trust. As societies scaled, the priestly position became a proxy signal consumed by millions of believers who could not independently verify claims about divine will. The override activated: the vestments, the title, the institutional lineage substituted for independent evaluation of the priest's sincerity or competence. The signal acquired power independent of the spiritual quality—wealth from tithes, political influence from deference, coercive authority from the capacity to pronounce divine sanction. The capture followed: across every advanced civilization in the historical record, independently and without contact, cynical operators captured priestly positions and used the verification override to extract labor, wealth, and obedience from populations that could not distinguish sincere spiritual authority from strategic exploitation.

The mechanism is domain-independent. It operates wherever three conditions hold simultaneously: (1) a population must make judgments that exceed its capacity for independent evaluation, (2) an institution develops to produce proxy signals that compress expert judgment into portable form, and (3) the signals acquire value sufficient to attract investment in controlling the signal-granting process. These three conditions hold in every complex society, across every domain of human coordination, at every point in recorded history.

VIII. Why Destroying the Institution Does Not Solve the Problem

A natural response to signal capture is to attack the captured institution. If the Academy has been captured, abolish the Academy. If the university has been captured, abolish the university. If the Church has been captured, burn the church. This response is emotionally satisfying and structurally futile, because it confuses the captured instance with the generating mechanism.

The Academy Awards did not create the public's need for proxy signals in evaluating films. The public's cognitive constraints created that need. If the Academy were abolished tomorrow, the need would persist—and a new institution would emerge to fill it, because the structural demand for proxy signals at scale is permanent. The new institution would be subject to the same three-stage mechanism: it would produce signals, the signals would activate verification overrides, the overrides would make the signals valuable, and the value would attract capture. The names would change. The mechanism would not.

This is the structural insight that radical political movements—most consequentially, the Marxist-Leninist tradition—have historically failed to incorporate. The Bolshevik Revolution correctly identified that the Russian Orthodox Church had been captured by cynical operators who used spiritual authority to legitimize Tsarist exploitation. The revolution's response was to suppress the Church, close its institutions, and destroy its symbols. This eliminated the specific capture point of the specific institution. It did not eliminate the population's cognitive need for proxy signals, the structural tendency of signals to produce verification overrides, or the competitive dynamic that fills signal-granting positions with individuals who prioritize the power the position confers over the purpose the position is designed to serve. Within a generation, the Soviet system had reproduced every structural feature of the system it replaced: an interpretive class (the Party) claiming privileged access to knowledge the population could not independently verify (Marxist-Leninist theory), producing proxy signals (Party membership, ideological certification) that activated verification overrides (deference to Party authority), which were captured by cynical operators (the nomenklatura) who

used the override to extract precisely the privileges—wealth, power, exemption from the rules imposed on others—that the revolution was designed to abolish.

The content changed entirely. The structure did not change at all. This is the signature of a mechanism that is generated by structural forces rather than by the specific content of any particular institution. You can replace the Church with the Party, the priest with the commissar, the Bible with *Das Kapital*, the vestments with the Party badge. The mechanism is indifferent to content. It responds only to structure: cognitive constraint, proxy signal, verification override, information asymmetry, capture.

IX. Structural Implications

If the mechanism described in this paper is correct—if proxy signals necessarily produce verification overrides that necessarily attract capture through information asymmetry—then the appropriate response is not the abolition of signals or the destruction of signal-granting institutions, both of which are structurally impossible. The appropriate response is the engineering of signal-granting institutions to make capture more difficult, more visible, and less profitable. A companion paper in this series, *Ridges on the Coin*, develops this argument in detail, drawing on the analogy of the Great Recoinage of 1696, in which John Locke's solution to the problem of coin-clipping was not to reform human nature or increase punishment but to put ridges on coins, making clipping structurally detectable.

Applied to signal-granting institutions, the engineering principles include:

Transparency of process. The verification override depends on the public's inability to observe the signal-granting process. Structural transparency—mandatory disclosure of evaluation criteria, public records of deliberations, open data on the relationship between investment and outcomes—reduces the information asymmetry that makes capture invisible. It does not eliminate the override, because the public still lacks the expertise to evaluate every signal-granting decision. But it creates the possibility that specialists outside the captured institution can monitor the process and flag degradation.

Distribution of signal authority. Capture is most dangerous when a single institution monopolizes signal production in a given domain. Distributing the signal-granting function across multiple independent institutions—multiple award bodies, multiple ranking systems, multiple certification pathways—reduces the value of capturing any single institution and increases the difficulty of capturing all of them. This is the signal-granting equivalent of the separation of powers in constitutional design: no single captured institution can dominate the trust landscape.

Rotation of authority. Capture proceeds through the accumulation of influence within institutions over time. Mandatory rotation of evaluators—term limits on editorial

boards, committee memberships, and institutional leadership—limits the window in which any individual or faction can control the signal-granting process.

Preserved alternative pathways. The most robust structural protection against signal capture is the existence of credible alternatives to the captured signal. When the only pathway to recognition runs through a captured institution, the capture is total. When alternative pathways exist—when an uncredentialed individual can demonstrate quality through work the public can evaluate directly—the captured signal faces competition from uncaptured ones. The internet, for all its pathologies, has created the most significant alternative pathway in the history of signal granting: the ability of individuals to publish work, build audiences, and demonstrate competence without passing through any institutional gatekeeper. The pathway is noisy. It is also a structural corrective the system historically lacked.

X. Conclusion: The Mechanism Is the Message

This paper has described a mechanism, not a conspiracy. Proxy signals are not designed to deceive. They emerge organically to solve genuine problems of coordination at scale. Verification overrides are not cognitive failures. They are the functional purpose of the signals that produce them. Signal capture is not the work of villains plotting in dark rooms. It is the structural consequence of rational actors responding to the incentive created by signals that carry value.

The mechanism is universal because the forces that generate it are universal. Every complex society exceeds its members' capacity for direct personal evaluation. Every such society develops proxy signals to bridge the gap. Every effective signal produces a verification override. Every override creates an incentive to capture the signal-granting institution. Every information asymmetry between institution and public makes that capture possible. No cultural content, no moral reform, no revolutionary destruction alters these structural facts. They can only be managed through institutional engineering—through the deliberate design of signal-granting systems whose architecture makes capture visible, difficult, and costly.

The Academy Awards are a small example. The mechanism they illustrate is not. It operates in every domain where human beings must trust strangers at scale: medicine, law, education, science, religion, governance, finance, technology. In each domain, the same three-stage sequence unfolds—signal, override, capture—with consequences proportional to the stakes involved. Understanding the mechanism does not prevent it. Nothing prevents it. But understanding it is the prerequisite for engineering institutions that are harder to capture—institutions with ridges on them, so that when the clipping begins, as it always does, the damage is visible before the currency is debased.

Glossary of Key Terms

Attribute Substitution (Kahneman and Frederick, 2002): A cognitive process in which an individual, faced with a complex judgment, unconsciously substitutes a simpler, more accessible question without awareness that the substitution has occurred.

Authority Heuristic (Cialdini, 1984; Milgram, 1963): The cognitive tendency to attribute greater accuracy and credibility to the claims of authority figures and institutions, reducing independent evaluation of the content of their claims.

Bounded Rationality (Simon, 1955): The concept that human decision-making is constrained by limited information, cognitive capacity, and time, leading to satisficing rather than optimizing behavior.

Halo Effect (Thorndike, 1920): A cognitive bias in which a positive impression in one domain creates a generalized positive impression that extends to unrelated domains.

Information Asymmetry (Akerlof, 1970; Spence, 1973; Stiglitz, 2000): A condition in which one party to a transaction possesses materially more relevant information than the other, creating structural advantages for the better-informed party.

Proxy Signal: An observable indicator used to represent an unobservable quality when direct evaluation is impractical. Includes credentials, awards, certifications, institutional affiliations, and other portable indicators of quality or competence.

Regulatory Capture (Stigler, 1971): The process by which a regulatory agency, created to serve the public interest, comes under the effective control of the interests it was designed to regulate. This paper generalizes the concept as *signal capture*: the process by which any signal-granting institution comes under the effective control of parties whose interests are served by manipulating the signal.

Signal Capture (this paper): The generalization of Stigler's regulatory capture to any institution that produces proxy signals at scale. Occurs when the incentive to influence the signal-granting process exceeds the institutional safeguards against such influence, causing the signal to progressively diverge from the quality it was designed to represent.

Signaling Theory (Spence, 1973): The economic framework describing how parties convey information about unobservable qualities through observable signals in environments characterized by information asymmetry.

Verification Override (this paper): The cognitive state in which the presence of a proxy signal exempts the signal-holder's claims from the critical scrutiny that would otherwise be applied. Produced by the composite operation of attribute substitution, the authority heuristic, and the halo effect. Not a cognitive failure but the functional purpose of the signal.

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